

PREPARED BY: Phil Hovis
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PHONE: 471-0057

LB 440

Revision: 02

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised based on amendments adopted through 5/15/03

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2003-04		FY 2004-05	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		2,480,000		2,480,000
CASH FUNDS	-2,480,000	-2,480,000	-2,480,000	-2,480,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	-2,480,000	0	-2,480,000	0

*Does not include impact on political subdivisions. See narrative for political subdivision estimates.

Sec. 77-2602 currently provides that of the state's cigarette tax receipts, the equivalent of 21¢ of the tax less \$3,000,000 is to be annually credited to the General Fund. Sec. 77-2602 also currently provides that of the state's cigarette tax receipts, \$3,000,000 is to be annually credited to the Municipal Infrastructure Redevelopment Fund (MIRF). LB440, as amended, provides that for FY2003-04 and FY2004-05, the amount to be credited to the General Fund is to be the equivalent of 21¢ of cigarette tax receipts less \$520,000 (not 21¢ less \$3,000,000). Additionally, the amended bill would reduce the amount of cigarette tax receipts to be credited to MIRF. For each of FY2003-04 and FY2004-05, the bill would provide that \$520,000, rather than \$3,000,000, of the related receipts are to be credited to MIRF. The difference, \$2,480,000, would accrue to the General Fund for each of FY2003-04 and FY2004-05, representing an increase in General Fund revenue of such amount for each year of the 2003-05 biennium. According to the amended provisions of LB440, the level of cigarette tax receipts to be credited to MIRF for each of FY2005-06 through FY2008-09 is to be \$3,000,000 as is the case under current law. The level of cigarette tax receipts credited to the General Fund for each year of this period would be the equivalent of 21¢ of the tax less \$3,000,000 as is also the case under current law.

Under the amended provisions of the bill, distributions from MIRF for FY2003-04 and FY2004-05 would effectively be limited to cities of the primary class (Lincoln). As such, the bill would represent a reduction in revenue for all other municipalities for FY2003-04 and FY2004-05 to the extent of annual distributions from MIRF these municipalities currently receive.

The bill also amends Sec. 77-27,137.01 and directs the State Treasurer to calculate aid to municipalities based upon the appropriated amount plus \$520,000 for fiscal years 2003-04 and 2004-05. After the calculated amounts are determined, the State Treasurer is to reduce the amount for cities of the primary class (Lincoln) by the amount of MIRF funding such a municipality is to receive for the two fiscal years.

Appropriation adjustments associated with the above changes relating to allocation of MIRF and Aid to Municipalities are included in LB 407.